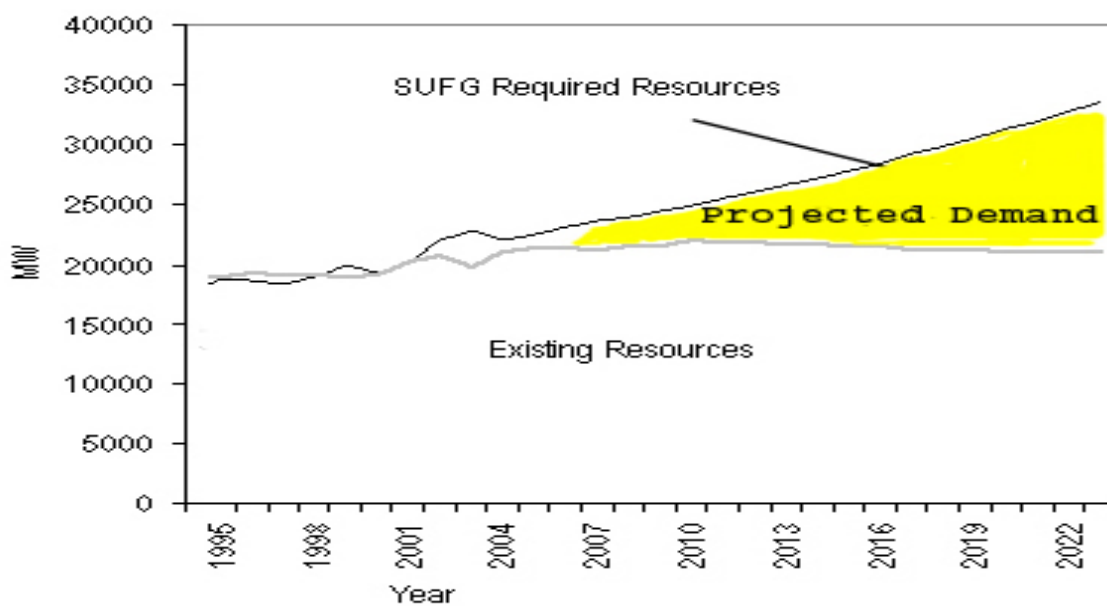


Statement of John W. Clark; Senior Advisor to the Governor; Director, Office of Energy and Defense Development (OED); Chairman, Interagency Council on Energy (ICE); and Chairman, Northwest Indiana Regional Development Authority (RDA) at the Indiana Utility Regulatory Commission's Field Hearing on August 29, 2007 in Bloomington, IN.

Mr. Chairman and Members of the Commission:

Duke Energy's proposed 'clean coal' baseload power plant at Edwardsport is vital to the ultimate success of Indiana's Strategic Energy Plan announced by the Governor last year. This much-needed facility would be the first baseload power plant built in Indiana in almost twenty years. It will employ state-of-the-art Integrated Gasification Combined Cycle (IGCC) technology which will enable use of our state's abundant coal reserves while also satisfying our nation's increasingly stringent environmental requirements.

The most recent forecast of Indiana's future power needs by Purdue's State Utility Forecasting Group (SUFG) predicts that we will need over 10,600 MW of additional electricity by 2023 (see Figure below).



\* Demand Includes 15% Marginal Reserves

This amount of electricity is the equivalent of sixteen power plants the size of the proposed 630 MW Edwardsport project that will be needed within the next sixteen years (2023). Again, Indiana hasn't built even one baseload plant for the past twenty years and solving our electricity shortage by building so many new power plants seems unlikely. A better way forward is to rely upon both megawatts from new plants like Edwardsport and 'nega'watts from dramatically increased energy efficiency to fill this growing power gap.

The Edwardsport project has received strong and wide support at all levels of government. It is one of only two gasification projects in the nation to be awarded federal tax credits under the U.S. Energy Policy Act (EPACT) of 2005. The Indiana Clean Energy Act of 2005 was expressly designed to provide state tax credits to benefit projects like Edwardsport and Knox County has also worked hard to secure financial support for this 'flagship' clean coal plant.

Duke Energy has been a national leader within the U.S. utility industry in advocating the need for IGCC and other 'clean coal' technologies for a new generation of coal-fired plants that will have to satisfy increasingly stringent environmental requirements. Their participation in Indiana's Wabash Valley generation facility has given them invaluable hands-on operating experience with the IGCC technology. Duke is also participating in the U. S. Department of Energy's Regional Carbon Sequestration Partnership Program. This effort recognizes the critical role that carbon capture and sequestration technologies will play in the continued use of coal in a carbon-constrained world. Indiana is blessed with both abundant coal reserves and a geology well-suited to sequestering the CO<sub>2</sub> that future coal use may require. Duke's activities at Edwardsport,

Wabash Valley, and the DOE partnership will help us learn the lessons to be a national leader in carbon control strategies.

Finally, the proposed Edwardsport project would use an average 800-900 construction workers over a three-year period with a peak work force of 2,000. Ongoing plant operations would employ approximately 100 people with an estimated annual payroll of \$4-5 million. Indiana's energy and economic future will greatly benefit from Duke's proposed IGCC power plant in Edwardsport and it deserves our strong support. Thank you.